"(ii) the administrative costs incurred by the State to provide food assistance under the Project that are authorized under subsections (a), (g), (h)(2), and (h)(3) of section 16 equal to the amount that otherwise would have been paid under such subsections had the Project not been implemented, as estimated under a methodology satisfactory to the Secretary after negotiations with the State: *Provided*, That payments made under subsection (g) of section 16 shall equal payments that would have been made if the Project had not been implemented.

"(2) The Secretary shall periodically adjust payments made to the State under paragraph (1) to reflect—

"(A) the cost of coupons issued to individuals ineligible for the Project specified in subsection (b)(3)(E) in excess of the amount that would have been issued to such individuals had the Project not been implemented, as estimated under a methodology satisfactory to the Secretary after negotiations with the State; and

"(B) the cost of coupons issued to families exercising the option specified in paragraph (b)(3)(D)(iii) in excess of the amount that would have been issued to such individuals had the Project not been implemented, as estimated under a methodology satisfactory to the Secretary after negotiations with the State.

"(3) Payments under paragraph (1)(B) shall include adjustments, as estimated under a methodology satisfactory to the Secretary after negotiations with the State, for increases or decreases in the costs of providing food assistance and associated administrative costs that result from changes in economic, demographic, or other conditions in the State based on data specific to the State, changes in eligibility or benefit levels authorized by the Food Stamp Act, as amended, and changes in or additional amounts of Federal funds available to States and localities under the food stamp program.

"(e) WAIVER.—With respect to the Project, the Secretary shall waive compliance with any requirement contained in this Act (other

than this section) that, if applied, would prevent the State from carrying out the Project or effectively achieving its purpose.

"(f) PROJECT AUDITS.—The Comptroller General of the United States shall—

"(1) conduct periodic audits of the operation of the Project to verify the amounts payable to the State from time to time under subsection (d); and

"(2) submit to the Secretary, the Secretary of Health and Human Services, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of each such audit.

"(g) CONSTRUCTION.—(1) For purposes of any Federal, State, or local law other than part A of title IV of the Social Security Act or the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.)—

"(A) cash assistance provided under the Project that is designated as food assistance by the State shall be treated in the same manner as coupon allotments under the food stamp program are treated; and